

Message Text

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70

ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 EB-07 TRSE-00 STR-04 AGR-05

CEA-01 CIAE-00 COME-00 DODE-00 FRB-03 H-02 INR-07

INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05

CIEP-01 SS-15 ITC-01 USIA-06 PRS-01 SP-02 OMB-01

FEA-01 EURE-00 /106 W

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P R 121810Z JUL 76

FM AMEMBASSY ROME

TO SECSTATE WASHDC PRIORITY 8787

INFO USMISSION EC BRUSSELS

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

USMISSION OECD PARIS

AMEMBASSY THE HAGUE

USMISSION GENEVA

USDEL MTN GENEVA

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E.O. 11652: N/A

TAGS: ETRD, EAGR, EC, IT

SUBJECT: COMMISSION PROPOSAL TO TAX VEGETABLE FATS AND OILS

REF: STATE 170962 NOTAL

1. IN ACCORDANCE WITH REFTTEL, ECOMIN AND AGATT CALLED ON
ACTING DIRECTOR GENERAL FOR ECONOMIC AFFAIRS AT FOREIGN MINISTRY
RICCIULLI (DIRECTOR GENERAL MONDELLO OUT OF ROME UNTIL JULY 14)

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AND DIRECTOR GENERAL FOR ECONOMIC POLICY IN AGRICULTURE MINISTRY

MORONI ON MORNING JULY 12. EMBASSY OFFICERS COVERED ALL POINTS IN REFTEL, STRESSING UNACCEPTABILITY OF MEASURES PASSING COST OF ADJUSTMENT FOR DAIRY SECTOR TO U.S., INCOMPATIBILITY OF PROPOSAL WITH EC'S INTERNATIONAL OBLIGATIONS AND SERIOUS EFFECT OF PROPOSAL ON U.S. -EC RELATIONS AT CRUCIAL TIME.

2. RICCIULLI TOOK NOTE OF OUR CONCERNS AND QTE STRONG LANGUAGE UNQTE. WHILE HE SAID GOI POSITION WOULD HAVE TO BE DE ELOPED IN CONSULTATION WITH QTE TECHNICAL MINISTRIES UNQTE, HE NOTED THAT ITALY DOES NOT HAVE MAJOR DAIRY INDUSTRY AND THAT IT IS CONCERNED OVER RISING AGRICULTURAL IMPORT COSTS. RICCIULLI PROMISED TO BRING MATTER TO MONDELLO'S ATTENTION UPON HIS RETURN.

3. IN CONTRAST TO RICCIULLI, MORONI ADOPTED A DEFENSIVE POSITION, DECLINING TO DIFFERENTIATE INTERESTS OF ITALY AND ITALIAN FARMERS FROM THOSE OF THE COMMUNITY AS A WHOLE. HE REPEATED LITANY ABOUT NECESSITY TO SOLVE EC'S DAIRY PROBLEM, CONTRIBUTORY ROLE TO THAT PROBLEM OF IMPORTS OF FATS AND OILS UNDER LIBERAL CONDITIONS, AND BUDGETARY BURDEN OF DAIRY SURPLUSES WHICH IS SHARED BY ITALY. IN FACT, MORONI CLAIMED, PROPOSAL SEEMS TO BE IN EFFECT IMPLEMENTATION OF RESOLUTION OF FEBRUARY 27, 1964 (64/128/EEC) BY EC COUNCIL. WHILE MORONI CONCEDED THAT COMMUNITY'S DAIRY POLICY DOES NOT BENEFIT ITALIAN FARMERS AND THAT ITALY WOULD BE ADVERSELY AFFECTED BY TAX ON IMPORTED FATS AND OILS, HE SUMMARIZED HIS POSITION AS BEING THAT EC'S DAIRY PROBLEM MUST BE SOLVED AND QUESTION OF WHETHER PROPOSED TAX WAS APPROPRIATE ELEMENT IN SOLUTION SHOULD BE CAREFULLY STUDIED. BEAUDRY

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Type: TE
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